Form (2) 714-D
Dated 16.2.2004

Union of Myanmar Myanmar Investment Commission

# The Myanmar Investment Commission

## PERMIT

Permit No. 386/2004    Date 16th FEBRUARY 2004

The Myanmar Investment Commission issues this Permit under Section 10 of the Union of Myanmar Foreign Investment Law -

(a) Name of Promoter MANAGING DIRECTOR ,MYANMA OIL AND GAS ENTERPRISE

(b) Citizenship MYANMAR

(c) Address NO.74/80, MINYEKYAWSWA ROAD, YANGON

(d) Name and address of principal organization MYANMA OIL AND GAS ENTERPRISE, NO. 74/80, MINYEKYAWSWA ROAD, YANGON

(e) Place of incorporation YANGON

(f) Type of business in which investment is to be made EXPLORATION AND PRODUCTION OF PETROLEUM

(g) Place (s) at which investment is permitted RAKHINE OFFSHORE BLOCK A-3

(h) Amount of foreign capital US $ 32.3 MILLION

(i) Period for bringing in foreign capital 2004 to 2009

(j) Total amount of capital (Kyat) EQUIVALENT IN KYAT OF US $ 32.3 MILLION

(k) Permitted duration of investment 4 YEARS AND 6 MONTHS

(l) Name of the economic organization to be formed in Myanmar DAEWOO INTERNATIONAL CORPORATION ,ONGC Videsh Limited (OVL),Gail(India)Limited(GAIL),Korea Gas Corporation (KOGAS)

The name of the Company added as per resolution made by Cabinet at its meeting 4/2006 dated 26.1.2006.

(Mya Thuza)
Director

Chairman
The Myanmar Investment Commission

ပုံစံ (၂)

၁၈.၂.၂၀၀၄

မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

# ခွင့်ပြုမိန့်

ခွင့်ပြုမိန့်အမှတ် ၁၇၆/၂၀၀၄ ၂၀၀၄ ခုနှစ်၊ ဖေဖော်ဝါရီလ ၂၄ ရက်။

ပြည်ထောင်စုမြန်မာနိုင်ငံတော် နိုင်ငံခြားရင်းနှီးမြှုပ်နှံမှု ဥပဒေပုဒ်မ ၁၀ အရ ဤခွင့်ပြုမိန့်ကို မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှု ကော်မရှင်က ထုတ်ပေးလိုက်သည် –

(က) ကမကထပြုသူ၏အမည် ဦးဆောင်ညွှန်ကြားရေးမှူး၊ မြန်မာ့ရေနံနှင့်သဘာဝဓာတ်ငွေ့လုပ်ငန်း

(ခ) မည်သည့်နိုင်ငံသား မြန်မာ

(ဂ) နေရပ်လိပ်စာ အမှတ် ၇၄/၀၀ မင်းရဲကျော်စွာလမ်း၊ ရန်ကုန်မြို့

(ဃ) ပင်မအဖွဲ့အစည်းအမည်နှင့်လိပ်စာ မြန်မာ့ရေနံနှင့်သဘာဝဓာတ်ငွေ့လုပ်ငန်း အမှတ် ၇၄/၇၀၊ မင်းရဲကျော်စွာလမ်း၊ ရန်ကုန်မြို့

(င) ဖွဲ့စည်းရာအရပ် ရန်ကုန်မြို့

(စ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်မည့်လုပ်ငန်းအမျိုးအစား ရေနံနှင့်သဘာဝဓာတ်ငွေ့ရှာဖွေတူး ဖော်ထုတ်လုပ်ရေးလုပ်ငန်း

(ဆ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်ခွင့်ပြုသည့်အရပ်ဒေသ(များ) လုပ်ကွက်အမှတ် အေ-၃၊ ရခိုင်ကမ်းလွန်ဒေသ

(ဇ) နိုင်ငံခြားမတည်ငွေရင်း အမေရိကန်ဒေါ်လာ ၁၃၂.၃ သန်း

(ဈ) နိုင်ငံခြားမတည်ငွေရင်းယူဆောင်လာရမည့်ကာလ ၂၀၀၄ ခုနှစ်မှ ၂၀၀၈ ခုနှစ်ထိ

(ည) စုစုပေါင်း မတည်ငွေရင်း ပမာဏ(ကျပ်) အမေရိကန်ဒေါ်လာ ၁၃၂.၃ သန်း နှင့်ညီမျှသောမြန်မာကျပ်ငွေ

(ဋ) ရင်းနှီးမြှုပ်နှံခွင့်ပြုသည့်သက်တမ်း (၄) နှစ်နှင့် (၆) လ

(ဌ) မြန်မာနိုင်ငံတွင် ဖွဲ့စည်းမည့် စီးပွားရေးအဖွဲ့အစည်းအမည် DAEWOO INTERNATIONAL CORPORATION ,ONGC Videsh Limited (OVL),Gail(India)Limited(GAIL),Korea Gas Corporation(KOGAS)

၂၆-၁-၂၀၀၆ နေ့ ထွင်မြှုလုပ်မည့်အစိုးရ (၄/၂၀၀၆) ကြိမ်မြောက်အစည်းအဝေး ဆုံးဖြတ်ချက်အရ ကုမ္ပဏီအမည်တွင်ဖြည့်စွက်သည်။

(မြသုဇာ)
ညွှန်ကြားရေးမှူး

ဥက္ကဋ္ဌ
မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

GOVERNMENT OF THE UNION OF MYANMAR
**MYANMAR INVESTMENT COMMISSION**
653 / 691, Merchant Street, Yangon.

Our ref : Ya Ka-1/549/2004(714-D) Tel : 372219, 372855
Dated : 16th February 2004 Fax : 095-01-254660

**Subject : Decision of the Myanmar Investment Commission on the Proposal for "Exploration and Production of Petroleum "under the name of DAEWOO INTERNATIONAL CORPORATION.**

Reference: Ministry of Energy letter No. 008/605/Hta- dated 4-2-2004.

1. The Myanmar Investment Commission, at its meeting 7/2004 held on 8-2-2004 had reviewed the proposal for investment in " Exploration and Production of Petroleum " for Block A-3 in Rakhine Offshore Area under the name of "Daewoo International Corporation" pursuant to the Production Sharing Contract to be signed between Myanma Oil and Gas Enterprise and Daewoo International Corporation of Korea. After careful review, it was deliberated that the proposed projects be approved in principle for implementation and the proposals be submitted to the Cabinet meeting for final approval.

2. The Cabinet, at its meeting 7/2004 held on 10-2-2004 resolved to permit the implementation of the said project. Hence, the "Permit" is herewith issued in accordance with Chapter VI, Section 10 of the Union of Myanmar Foreign Investment Law and Chapter VI, Rule 13 of the Procedures relating to the said Law. Terms and conditions to the "Permit" are stated in the following paragraphs.

3. The permitted duration of the project shall be an initial terms of 4 ½ years, comprising 6 (Six) months for study period and 2 (Two) years for exploration period which can be extended one year at a time for 2(Two) times.

4. Daewoo International Corporation shall pay royalty to the Government equal to 10(Ten) percent of the value of Available Petroleum from the Contract Area.

5. Daewoo International Corporation shall pay a Data Fee to the amount of US $ 250,000 (United States Dollars Two Hundred and Fifty Thousand Only) to Myanma Oil and Gas Enterprise within 30 (Thirty) days after the effective date.

6. Daewoo International Corporation shall pay to the amount of US $ 2,500,000 (United States Dollars Two Million Five Hundred Thousand Only) as a Signature Bonus within 30 (Thirty) days after entering the first Exploration Period in favour of the Myanma Oil and Gas Enterprise.

7. Daewoo International Corporation shall pay Production Bonus to Myanma Oil and Gas Enterprise with respect to each crude oil Development and Production Area as follows:

Production Bonus

Crude Oil

| At BOPD (Barrels Per Day) | US $ (Million) |
|---|---|
| Upon approval of Development Plan | 1.0 |
| 25,000 | 2.0 |
| 50,000 | 3.0 |
| 100,000 | 4.0 |
| 150,000 | 5.0 |
| 200,000 | 10.0 |

Natural Gas

| At MMCFD | US $ (Million) |
|---|---|
| Upon approval of Development Plan | 1.0 |
| 300 | 4.0 |
| 600 | 5.0 |
| 900 | 10.0 |

8. Production Split between Myanma Oil and Gas Enterprise and Daewoo International Corporation shall be allocated for Development and Production Area as follow:

Available Crude Oil for Water depths of 600 feet or less:

| BOPD | MOGE (%) | CONTRACTOR (%) |
|---|---|---|
| 0 - 25,000 | 65 | 35 |
| 25,001 - 50,000 | 70 | 30 |
| 50,001 - 100,000 | 75 | 25 |
| 100,001 - 150,000 | 80 | 20 |
| > 150,000 | 85 | 15 |

Available Crude Oil for Water depths more than 600 feet:

| BOPD | MOGE (%) | CONTRACTOR (%) |
|---|---|---|
| 0 - 25,000 | 60 | 40 |
| 25,001 - 50,000 | 65 | 35 |
| 50,001 – 100,000 | 70 | 30 |
| 100,001 - 150,000 | 75 | 25 |
| > 150,000 | 80 | 20 |

Available Natural Gas for Water depths of 600 feet or less:

| MMCFD | MOGE (%) | CONTRACTOR (%) |
|---|---|---|
| 0 – 300 | 65 | 35 |
| >301 | 70 | 30 |

Available Natural Gas for Water depths more than 600 feet:

| MMCFD | MOGE (%) | CONTRACTOR (%) |
|---|---|---|
| 0 – 300 | 55 | 45 |
| >301 | 60 | 40 |

9. After the commencement of commercial production of Crude Oil and Natural Gas, Daewoo International Corporation shall fulfill as its obligation 20(Twenty) percent of Crude Oil and 25 (Twenty Five) percent of Natural Gas toward the supply of the domestic Crude Oil

Market and Natural Gas Market in Myanmar. Myanma Oil and Gas Enterprise shall pay the price equivalent of 90(Ninety) percent of Fair Market Values in US Dollars.

10. Daewoo International Corporation shall provide Training Fund to the amount of US $ 50,000 (United States Dollars Fifty Thousand Only) per annum for Exploration Period and US $ 100,000 (United States Dollars One Hundred Thousand Only) per annum for Production Period and shall also provide Research and Development Fund to the amount of 0.5 (Zero Point Five) percent of its share of profit petroleum in favour of Myanma Oil and Gas Enterprise.

11. Daewoo International Corporation is liable to pay the Government the following tranches out of the net profit made on the sale or transfer of the interests under this contract or the shares in the Company.

| | | |
|---|---|---|
| (a) | If the amount of Net Profit arising from the said sale or transfer in any one year is up to US$ 100 Million (United States Dollars One Hundred Million Only) | 40% |
| (b) | If the amount of Net Profit arising from the said sale or transfer in any one year is between US$ 100 Million (United States Dollars One Hundred Million Only) and US$ 150 Million (United States Dollars One Hundred and Fifty Million Only) | 45% |
| (c) | If the amount of Net Profit arising from the said sale or transfer in any one year is over US$ 150 Million (United States Dollars One Hundred and Fifty Million Only) | 50% |

12. With the Signing of the Production sharing Contract,

(a) Daewoo International Corporation may elect to perform Additional Exploration Operations in respect of the Contract to meet the minimum work commitment in any of the Related PSC's.

(b) Daewoo International Corporation may elect to perform Additional Exploration Operations in any of the Related PSC's to meet the minimum work commitment of the Contract.

(c) Daewoo International Corporation may reduce excess petroleum costs in any given Quarter by way of recovery from Unutilized Cost Petroleum in respect of any of the Related PSC's.

(d) Daewoo International Corporation may recover any excess Petroleum Costs in respect of the Related PSC's from any Unutilized Cost Petroleum for the Contract.

(e) In the event a Development and Production Area straddles the Contract Area and the Contract Area of one or more of the Related PSC's, Daewoo International Corporation and Myanmar Oil and Gas Enterprise agree to use their best endeavours to maximize cost efficiency and administrative efficiency in the management and operations of such straddling Development and Production Area.

13. In issuing this "Permit", the Commission has granted the following exemptions and reliefs :

(a) As per Section-21(e), Daewoo International Corporation shall have the right to pay income-tax payable to the State on behalf of foreigners who have come from abroad and are employed for the project.

(b) As per Section-21(f), the Commission has also approved the right to pay income-tax on the income of the above-mentioned foreigners at the rates applicable to the citizens residing within the country.

(c) As per Section-21(i) and (j), exemption from customs duty and all other internal taxes on machinery, equipment, instruments, machinery components, spare parts and materials used in the business, which they are imported as they are actually required, and also on such raw materials imported during the period of exploration.

14. Daewoo International Corporation shall have to sign the Production sharing Contract with Myanma Oil and Gas Enterprise After signing such Agreement, (5) copies each of those shall have to be forwarded to the Commission.

15. Daewoo International Corporation in consultation with the Department of Company Administration, Directorate of Investment and Company Administration shall have to be registered. After registration, (5) copies each of Certificate of Incorporation and Memorandum and Articles of Association shall have to be forwarded to the Commission.

16. Daewoo International Corporation shall use its best efforts for timely realization of works stated in the Proposal. If none of such works has been commenced within one year from the date of issue of this "Permit", it shall become null and void.

17. The official date of operation shall be reported to the Commission.

18. Daewoo International Corporation shall endeavour to meet the targets for Exploration and Production of Petroleum stated in the proposal as the minimum target.

19. The Commission approves periodical appointments of foreign experts and technicians from abroad as per Proposal. Daewoo International Corporation shall have to consult with Directorate of Labour, Ministry of Labour for appointment of such foreign experts and technicians.

20. In order to evaluate foreign capital in terms of Kyats and for the purpose of its registration in accordance with the provision under Section-24 of the Union of Myanmar Foreign Investment Law, it is compulsory to report as early as possible in the following manner:-

(a) the amount of foreign currency brought into Myanmar, attached with the necessary documents issued by the respective bank where the account is opened;

(b) the detailed lists of the type and value of foreign capital defined under Section-2(h) of the said Law, other than foreign currency, to the Chairman, Foreign Capital Evaluation Sub-Committee.

21. Whenever Daewoo International Corporation brings in foreign capital defined under Section-2(h) of the said Law, other than foreign currency in the manner stated in paragraph 20(b) mentioned above, the Inspection Certificate endorsed and issued by an internationally recognized Inspection Firm with regard to quantity, quality and price of imported materials shall have to be attached.

22. After all types of foreign capital (foreign currency and other types of foreign capital) have been brought into Myanmar, a report shall have to be submitted to the Commission as prescribed, vide letter No. Na-Ya 9/101/92(416) dated 3-12-92 [Annexure(1)].

23. Daewoo International Corporation shall report to the Commission of any alteration in the physical and financial plan of the project. Cost over-run, over and above the investment amount pledged in both local and foreign currency shall have to be reported as early as possible.

24. Daewoo International Corporation shall be responsible for the preservation of the environment at and around the area of the project site. Hence, it shall observe the directive issued by the Commission vide letter No. Ya Ka-1/139/94(0440) dated 30-6-94 [Annexure(2)] to undertake all proper treatment systems and other necessary environmental control systems.

25. Payment of principal and interest of the loan (if any) as well as payment for import of raw materials and spare parts etc. shall only be made out of the official foreign exchange earnings of Daewoo International Corporation.

26. Daewoo International Corporation in consultation with Myanma Insurance, shall effect such types of insurance defined under Chapter VIII, Rule 15 of the Procedures relating to the Union of Myanmar Foreign Investment Law.

U Thaung

(U Thaung)
Chairman

Managing Director
Myanma Oil and Gas Enterprise.

cc:
1. Office of the Chairman of State Peace and Development Council
2. Office of the State Peace and Development Council
3. Office of the Government of the Union of Myanmar
4. Office of the Chief of Military Intelligence, Ministry of Defence
5. Ministry of National Planning and Economic Development
6. Ministry of Finance and Revenue
7. Ministry of Commerce
8. Ministry of Energy
9. Ministry of Foreign Affairs
10. Ministry of Home Affairs
11. Ministry of Immigration and Population
12. Ministry of Labour
13. Ministry of Electric Power
14. Chairman, Foreign Capital Evaluation Sub-Committee
15. Director General, Directorate of Investment and Company Administration
16. Director General, Customs Department
17. Director General, Internal Revenue Department
18. Managing Director, Myanma Foreign Trade Bank
19. Managing Director, Myanma Investment and Commercial Bank
20. Managing Director, Myanma Insurance
21. Managing Director, Myanma Electric Power Enterprise
22. Director General, Directorate of Trade
23. Director General, Immigration and National Registration Department
24. Director General, Directorate of Labour
25. Chairman, Union of Myanmar Federation of Chamber of Commerce and Industry (UMFCCI).